REINVENTING THE CONSUMER

# Brand Relationship Through FMCG E-Commerce

HAVAS Market

E-commerce sales in the Fast-Moving Consumer Goods (FMCG) category are on pace to reach a staggering $1.8 trillion by 2025 ([McKinsey](#)), representing 10% of all FMCG sales worldwide ([Kantar](#)).

Ten years ago, online FMCG sales were one quarter of this volume, and several obstacles seemed to suggest that e-commerce would experience moderate, if any, growth in this vertical:

- Higher logistic costs for low margins and small consumer spend

- Inability to provide the same immediacy to consumers as brick-and-mortar stores

- Difficulty in delivering perishable products

- Disconnect between offline and online systems
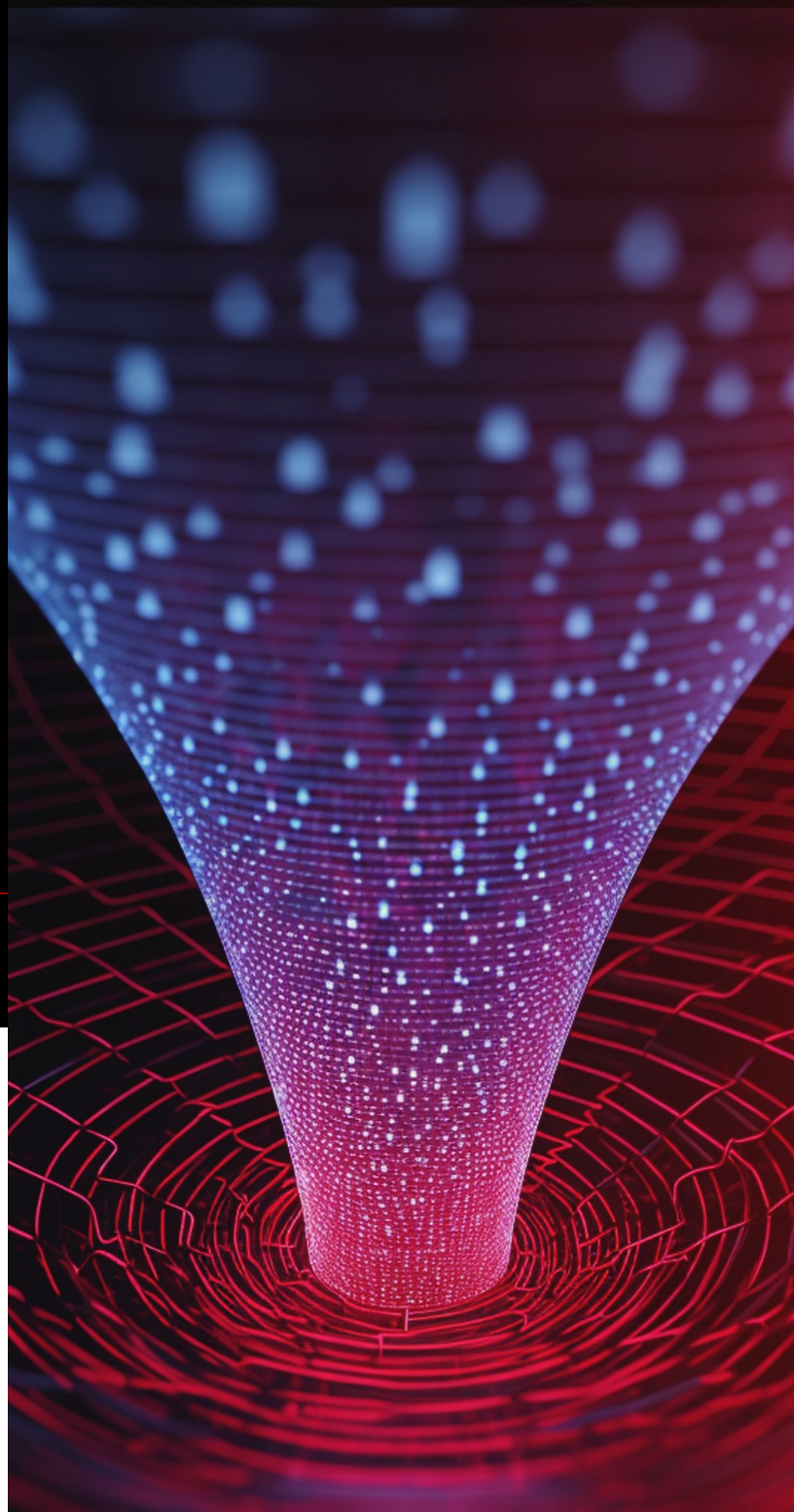
Yet today, 5.2% of beverage sales are online, 7.5% of food sales, 11.5% of home care sales, and 35% of beauty and personal care sales ([Statista](#)). How did we get here?

# A New Era of E-Commerce Brings Benefits to Consumers and Brands

The answer is that e-commerce has fundamentally evolved over the past decade, rewriting the consumer/brand relationship and offering new benefits to both parties that has driven this dramatic and sustained growth:

## Benefits for consumers:

E-commerce has become an integral part of the omnichannel experience that consumers crave. Today, people want the flexibility to purchase products anytime and anywhere, with seamless experiences that span online and offline experiences.

Take for example the surge in grocery drive-thru sales, where purchases on retailers' website or app can be picked up at the shopper's convenience, which now accounts for 31% of all grocery sales in France (Statista).

Today's consumers are looking for blended shopping experiences that meet them wherever they are, offering flexibility and convenience amidst their often hectic lives. Combine this with logistics improvements that have made it possible to shorten the time to deliver and ever more personalized offerings and products, and it's not difficult to see why consumers are heading online for their FMCG purchases.

But how has this shift in preference not only become tenable, but beneficial to brands?

# Benefits For FMCG Brands:

The challenges that made FMCG e-commerce a daunting prospect a decade ago have not disappeared, but agile brands are discovering ways to turn online sales to their advantage:

## Commerce Autonomy          01

The opportunity for a brand to sell on an owned, DTC website enables brands to bypass intermediaries and gain greater autonomy of their commercial strategy. For brands, this means the opportunity to freely determine the products they are offering and the price and promotions they extend to consumers. Furthermore, by selling directly to consumers, brands can reduce their distribution costs and ultimately retain a greater portion of revenue.

## Data Collection          02

E-commerce offers brands newfound opportunity to connect directly with their customers, enabling them to collect vast amounts of data that can deepen their understanding of consumer behavior. This data can then be leveraged to deliver personalized shopping experiences that encompass the entirety of the consumer's journey, from discovery to purchase completion. By combining existing CRM data with the first-party data gained through e-commerce, brands can enhance customer loyalty and retention.
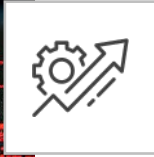
## Market Expansion          03

Brands now have a wide breadth of e-commerce platforms that they can harness in their e-commerce presence, from Amazon, to MercadoLibre, to Lazada and more.

With each marketplace offering different local penetration, brands can leverage these platforms to expand into new territories and reach new customers, all while reducing the typical entry costs and logistical hurdles associated with widespread brick- and-mortar presence in a new market.

## Data-Driven Marketing          04

With online retailers offering increased transparency into how a brands' products are performing on their platform, brands have the potential to optimize marketing decisions for the greatest value.

This newfound access to data allows brands to tailor their campaigns to achieve precise return on ad spend (ROAS) KPIs

# Amidst Opportunity, Challenges Persist

While huge logistic strides have made it possible for e-commerce to rewrite the consumer/brand relationship, numerous challenges persist beyond pure operational hurdles.

## Incrementality

Brands must mitigate cannibalization effects. E-commerce should not merely shift revenue from offline to online but generate additional value and attract new customers.

Brands must continually evaluate the true incremental value of their media strategy to determine if sales would have occurred regardless of investment.

## Interoperability

To make full use of the customer data offered by e-commerce, brands first invest in a technology stack that enables seamless interaction between offline and online systems.

In many cases, this offline data will belong to retailers, and negotiating for their data rich repositories will require significant effort and investment.

## Recreating the shopping impulse

E-commerce purchases are often made with a specific shopping list or need in mind, limiting the opportunities for impulse buys or brand switching that brick-and-mortar retail provide.

Only by building strong retail media campaigns that span both online and in-store settings can brands effectively communicate their products and harness the shopping impulse in both settings.

# Building a Successful FMCG E-Commerce Strategy

To overcome these challenges, FMCG brands must be concerted and committed in creating an e-commerce strategy that is omnichannel, fueled by creative content, optimized, and experiential.

## 01 Building an Omnichannel strategy

It's important to go beyond providing a single point of online sales, recognizing that today's consumers are everywhere and maximizing availability across all sales channels:

## Direct-to-Consumer (DTC):

DTC sales channels offer brands autonomy and control over customer data, but it's not a one-size-fits-all solution. Some brands, such as Nespresso, have built successful DTC models as a cornerstone for their sales strategies, excluding their products from major e-commerce platforms. However, for most brands, this approach creates profitability challenges associated with the infrastructure of delivering low-margin products that are often bulky.

Before brands create a DTC strategy, they should make the following considerations to determine the tailored DTC approach best for their brand:

| Are their logistics optimized? | What are their unique selling points? | Do they have a subscription program? |
|---|---|---|
| A successful DTC plan hinges on efficient delivery. Sufficient investment in the logistics chain is necessary to ensure that goods can be delivered quickly and efficiently, making DTC a valuable sales channel to brands and consumers alike. | Brands must explore how they can offer experiences to incentivize purchases. This can come in the form of product personalization as M&M's offers, or in bundling options as available in Pepsi's PantryShop. | Powerful subscription models, like Nespresso's, are integral in attracting and retaining customers through a DTC strategy. Brands must explore how a subscription model can create a seamless experience that customers value. |

# E-retail

FMCG brands often initiate their e-commerce venture through existing retail partnerships with online supermarkets or drive-thru websites before expanding their strategy to pure-play platforms such as Amazon, Mercado Libre and Lazada. This approach is scalable but requires maximum transparency from retailers regarding data exchange to be truly valuable for brands.

For many brands, selling as a reseller on marketplaces is an effective middle ground between e-retail and DTC, allowing them to leverage the marketplace's audience and selling power while gaining greater autonomy and flexibility with pricing and product assortment.

# Social Commerce

Markets across the globe are at different levels of maturity when it comes to social shopping, with TikTok Shop and Facebook Shop still emerging in North America and Europe but driving significant sales in Asia.

Regardless of their footprint, all FMCG brands must prepare for this rapidly growing space, which is projected to experience a 6% compound annual growth rate (CAGR) from 2024 to 2025 and reach a value of $1.2 trillion (Accenture).

# 02 Crafting compelling content

As brands expand their online footprint, it's essential to ensure their digital presence grows with them. This means building detailed product pages with the most precise information, engaging content, and immersive photos and videos. Rich content will not also impact conversion rate, but also improve product rankings in e-retailer search results.



# 03 Moving from optimizing media cost to generating value

Brands must recognize that transforming their commerce strategy requires a parallel transformation to media strategy. Brands must measure their campaigns against a host of metrics – cost of GRP, cost of impression, and cost of leads – to ensure that they are optimized to drive success in online environments, as well as utilize media to generate value against ROAS objectives. Robust testing and measurement methodologies are then necessary to forecast and assess the real incremental revenue that is being driven by each increment of media spend.

## 04

# Personalize the customer experience

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With the enaction of an e-commerce strategy, brands will gain new first party or retailer data that they can harness to create more personalized experiences for their customers.

It is important that this data does not exist in a vacuum, but is integrated with online systems (DSP, CMS, CRO tools, marketing automation, and CRM) to deliver a seamless and personalized media and purchase journey that meets the customer at each point of brand interaction.

This tailored approach not only drives conversion, but also helps each customer feel unique and leads to repeated sales.

# The e-commerce revolution is happening. Are you prepared?

When is the right time to start exploring your online strategy? With e-commerce predicted to achieve a 9% compound annual growth rate through 2027 – more than double that of brick-and-mortar – the answer is right now.

E-commerce impacts the entire organization, and while the challenges of implementation can be daunting, Havas Market is a one-stop-shop partner to create an approach that is right for your brand. Services include:

## Evaluating incremental business potential

on each sales channel through Forecast – Havas Market's proprietary technology and robust methodology – that will assess your potential for e-commerce growth and identify where effort is needed across sales and media channels.

## Building a cohesive content strategy

leveraging the expertise of Liquid Havas Market's 150 content experts to build consistent product messaging across both offline and online sales channels.

## Measuring incrementality

through Havas' Multi Incrementality Model (MIM), a testing methodology that combines several incrementality approaches to provide reliable cross channel analysis with fast-paced, granular reporting.

## Connecting brand data with 2nd and 3rd party data signals

through Havas' Converged operating system to enhance customer knowledge and activate personalized marketing strategies.

# Want to learn how you can get started with Havas Market today?

Get in touch with
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